

KENTUCKY DEPARTMENT OF EDUCATION
STAFF NOTE

Review Item:

2010-2012 Biennial Budget Update for the Kentucky Board of Education

Applicable Statute or Regulation:

KRS Chapter 48

History/Background:

Existing Policy. The General Assembly passed a biennial budget in June 2010, but this budget is structurally imbalanced and needs adjustment. The General Assembly could not reach an agreement on a solution in the 2011 regular session. The Governor called a special session starting on March 14, 2011 to address several issues, including the following:

1. **Medicaid Shortfall:** HB 1 of the current special session as initially filed reallocates approximately \$166 million in existing state Medicaid funds from FY 2011-12 to this year, to take advantage of a higher temporary federal match this year. The Governor advocates that by doing this now and taking advantage of other managed care efficiencies next year, we can avoid a \$600 million reduction in the Medicaid program this year, without cuts to other state agencies. The House and the Senate are deliberating their preferred approach.
2. **EduJobs Maintenance of Effort Requirements:** HB 1 also proposes reallocating approximately \$19 million in postsecondary education funding from FY 2011-12 to this year in order to meet federal maintenance of effort (MOE) requirements to receive EduJobs funding. This is a technical change in the biennial budget. KDE has already met the MOE requirements for primary and secondary education, but if these ancillary requirements are not met, it could adversely affect approximately \$135 million in federal funding for Kentucky school districts.

KDE budget staff will provide the board with a status update on these items at the April meeting and will also provide a short overview of the biennial budget process in anticipation of the 2012 session.

Impact on Getting to Proficiency:

Sufficient funding for education programs is essential for all students to achieve academic proficiency.

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